

Message Text

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PAGE 01 MEXICO 01579 100213Z

ACTION TRSE-00

INFO OCT-01 ARA-10 ISO-00 EB-08 /019 W

-----100356Z 118230 /66

R 092302Z FEB 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 217

UNCLAS MEXICO 1579

STATE PASS: ASSISTANT SECRETARY OF THE TREASURY (TAX POLICY)

IRS DIRECTOR, OFFICE OF INTERNATIONAL OPERATIONS

IRS DIRECTOR TAX ADMINISTRATION ADVISORY SERVICES DIVISION

E.O. 11652: N/A

TAGS: EFIN MX

SUBJ: POSSIBLE TAX TREATY AND IRS MATTERS

1. AS BACKGROUND INFORMATION FOR THE FORTHCOMING VISIT OF MEXICAN PRESIDENT JOSE LOPEZ PORTILLO, WE BELIEVE TEXT OF FOLLOWING LETTER SHOULD BE SENT TO YOU:

"LIC. IGNACIO PICHARDO, SUB-SECREATARIA DE INGRESOS, SECRETARIA DE HACIENDA Y CREDITO PUBLICO, ROOM 3025, PALACIO NACIONAL, MEXICO, D.F., MEXICO.

DEAR LIC. PICHARDO:

FIRST, LET US AGAIN CONGRATULATE YOU UPON YOUR APPOINTMENT AND WISH YOU BEST SUCCESS IN YOUR OFFICE. MY ASSISTANT, MR. JOSEPH A. BAO, AND I APPRECIATED YOUR INTEREST IN OUR PARTICULAR RESPONSIBILITIES

IN THE UNITED STATES INTERNAL REVENUE SERVICE AND THE OPPORTUNITY TO EXPLAIN OUR OPERATIONS; AND AGAIN SAY THAT WE WILL BE MOST HAPPY TO BE OF SERVICE IN ANY WAY POSSIBLE.

WE WERE VERY INTERESTED IN YOUR COMMENT THAT YOU PLAN TO HAVE LIC. ROBERTO HOYO OF YOUR STAFF CONDUCT INQUIRIES INTO A POSSIBLE UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MEXICO 01579 100213Z

TAX TREATY BETWEEN OUR TWO COUNTRIES. IN ACCORDANCE WITH YOUR REQUEST, WE ARE ATTACHING TO THIS LETTER BOTH THE UNITED STATES/ CANADIAN INCOME TAX TREATY AND THE ESTATE TAX TREATY. THEY ARE QUITE VOLUMINOUS AS YOU NOTICE.

AGAIN, WE WOULD BE MOST HAPPY TO CONVEY ANY LETTER FROM YOU TO OUR ASSISTANT SECRETARY OF THE TREASURY (TAX POLICY) RESPECTING

SUCH A MATTER. THIS OFFICER IS CHARGED WITH THE RESPONSIBILITY OF INITIATING TAX CONVENTIONS FOR THE UNITED STATES; AFTER UNITED STATES SENATE APPROVAL AND EXCHANGE OF INSTRUMENTS OF RATIFICATION OUR OFFICE HERE REPRESENTS THE UNITED STATES COMPETENT AUTHORITY (DESIGNATED IN A TAX TREATY) FOR DAY TO DAY MATTERS ARISING UNDER THE TREATY. WE ARE PASSING ON YOUR COMMENTS TO OUR ASSISTANT SECRETARY OF THE TREASURY (TAX POLICY).

ALSO, WE ARE FORWARDING YOUR COMMENTS THAT YOU WOULD LIKE TO HAVE A NUMBER OF YOUR EMPLOYEES TRAINED IN UNITED STATES INTERNAL REVENUE SERVICE TECHNIQUES TO MR. GORDON HILL, DIRECTOR, TASS, ROOM 1402, MAIN IRS BUILDING, 1111 CONSTITUTION AVENUE, WASHINGTON D.C. MR. HILL IS IN CHARGE OF SUCH TRAINING AND, OF COURSE, YOU CAN WRITE TO HIM DIRECTLY. HOWEVER, WE WOULD APPRECIATE VERY MUCH BEING KEPT INFORMED HERE SO WE CAN KEEP OUR AMBASSADOR INFORMED AND ALSO PERHAPS ON OCCASION EXPEDITE MATTERS FOR YOU.

AGAIN, IT WAS A PLEASURE TO MEET YOU AND WE THANK YOU FOR YOUR INVITATION TO VISIT YOU IN YOUR OFFICE THIS MORNING.

SINCERELY YOURS,
GEORGE S. BARNARD
ATTACHE AND
REVENUE SERVICE REPRESENTATIVE"

2. LIC. IGNACIO PICHARDO IS ABOUT 35 YEARS OLD AND SPEAKS EXCELLENT ENGLISH. HIS IMMEDIATE SUPERIOR IS JULIO RUDOLPHO MOCTEZUMA, SECRETARIA DE HACIENDA AND CREDIT PUBLICO (SECRETARY OF THE TREASURY). LIC. PICHARDO EXPRESSED INTEREST IN EXCHANGE OF BANK ACCOUNT INFORMATION AND POSSIBILITY OF SECURING IN-UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MEXICO 01579 100213Z

FORMATION RESPECTING WEALTHY MEXICANS WHO DO NOT REPORT INCOME FROM THE US. HE PARTICULARLY COMMENTED UPON MEXICANS WHO RECENTLY MADE TREMENDOUS PROFITS FROM THE PESO DEVALUATION THE LAST OF AUGUST 1976. HE WISHED TO KNOW THE NAME OF THE US OFFICIAL IN THE OFFICE OF ASSISTANT SECRETARY OF THE TREASURY (TAX POLICY) WHO REPLACED MR. NATHAN GORDON (RECENTLY RETIRED AND RECENTLY DECEASED). PICHARDO IS THE IMMEDIATE SUPERIOR OF LIC. ROBERTO HOYO, DIRECTOR DE LEGISLACION TRIBUTARIO, AMONG OTHERS, AND PICHARDO STATED THAT HE CONSIDERED HIS OFFICE SUBSTANTIALLY THE EQUIVALENT OF THE US INCOME TAX COMMISSIONER. HE ALSO HAS SOME RESPONSIBILITIES, WE BELIEVE, WHICH IN THE US IS IN THE OFFICE OF THE ASSISTANT SECRETARY OF THE TREASURY. EMBASSY BELIEVES PICHARDO ACTION IN INITIATING THE MEETING HELD THIS MORNING IS CERTAINLY INDICATIVE OF BROADER ATTITUDE OF COOPERATION WITH US AS PREVIOUSLY REPORTED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO01579
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770047-0348
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770259/aaaabzus.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 59db18c9-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3366321
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE TAX TREATY AND IRS MATTERS
TAGS: EFIN, MX, US, IRS
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/59db18c9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009